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whether and to what extent an extension of heavy industry beyond that required for covering the urgent needs of reconstruction and re-equipment should be initiated.

As shown by numerous complaints, planning failed to synchronize the manufacturing of producers' goods with investment. To secure deliveries in due time and of the quality required, the Ministry of Industry prescribed a formula for contracts, stipulating penalties for delays or other failures in deliveries. The significance of this measure faded as soon as any delay could be qualified as sabotage of the Plan under the decree issued in November 1947.

Of the application of the Plan to private enterprise, the methods employed in the rubber industry may be taken as more or less typical. Preparatory work was done by the competent section of the Ministry of Industry in collaboration with a few selected executives and the workers' representatives of the enterprises concerned. Estimates of production were mostly drawn up for classes of commodities, not for specified articles. The representatives of private enterprise were unwilling to give estimates in detail or to commit themselves accordingly, for they hoped to retain freedom to change from one product to another whenever difficulties of production or of sale called for a switch-over. They also endeavoured to keep estimates of output as low as possible so as to forestall troubles which might arise if they failed to reach the quota. By this method of budgeting the road was cleared for surpassing the production programme set up by the Plan.

Thus the production schedule for light industry did not present a cut and dried programme by which the executives of the enterprises could be guided and which they were bound to observe. This vagueness, which was to a certain extent deliberate, secured a considerable degree of flexibility, a quality not altogether disadvantageous for a general economic plan.

Within the group of consumer-goods industries, textiles held a special position in the application of the Plan. The different sections of this industry had for many years been united in an association with a carefully developed statistical service on technical equipment, labour, raw-material requirements, and production. During the war raw-material allocations were administered through this association, which possessed a ready scheme for distribution according to capacities. The industry had, in fact, been under a system of sectional planning. The authorities naturally made use of this instrument. With its aid a plan for the textile industries was drawn up centrally. This plan, more elaborate than in other branches of light industry,

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APPENDIX

TABLE XI

NATIONAL INCOME*

	1938	1946–7 million forint	1947–8
Net contribution of:			
Agriculture	6,820	3,964	5,060
Mining and metallurgy	574	628	732
Manufacturing industry	6,516	3,760	6,277
Handicrafts	3,229	2,062	2,481
Trade	2,210	1,408	1,836
Transport	728	463	621
Plus Taxes on consumption	1,546	1,350	1,739
National income at market prices	21,623	13,635	18,746
Plus (minus) import (export) surplus	−1,103	+118	+440
	20,520	13,753	19,186
Less Public expenditure on goods	−2,830	−916	−1,655
International commitments	—	−1,436	−1,223
Investments	−1,373	−712	−2,374†
Value of goods available for private consumption‡	16,317	10,689	13,934

* The value of housing and personal services not included.
† Revalued at 1947 January prices, including private agricultural investment.
‡ Without allowance for the replenishment of stocks (see p. 51).

TABLE XII

INTERNATIONAL COMPARISONS

(1) *The Price of Food in Terms of Working Time of Industrial Workers Mid-1949*
Minutes per kg. or litre

	Bread	Potatoes	Milk	Meat	Bacon	Butter	Sugar
Hungary	19	9	28	160	430	440	110
Poland	29	10	29	110	330	420	110
Italy	38	13	28	300	660	490	100
France	28	12	27	240	150	440	75
Switzerland	11	11	11	140	160	230	25
United Kingdom	11	7	16	84	120	75	22
United States	13	4	9	64	64	70	9

SOURCE: U.N., Economic Commission for Europe, *Economic Survey of Europe in 1949* (Geneva, 1950), p. 37.

(2) *Consumption of Selected Textiles*
per kg. per person per year

	Cotton		Wool		Rayon		Total	
	1938	1948	1938	1948	1938	1948	1938	1948
Hungary	2·7	2·3	0·6	0·4	0·45	0·17	3·8	2·9
Rumania	1·8	1·4	0·7	0·4	0·07	0·15	2·6	2·0
Poland	2·0	2·8	0·5	0·5	0·31	0·71	2·8	4·0
Czechoslovakia	3·8	3·5	1·0	1·2	0·28	1·85	5·1	6·6
Italy	2·0	3·0	0·6	0·9	1·55	0·54	4·2	4·4
France	4·6	5·2	1·8	2·3	0·58	1·48	7·0	9·0
United Kingdom	8·2	6·7	3·1	2·7	0·97	1·53	12·3	10·9
United States	10·0	13·3	1·0	2·2	1·07	3·41	12·1	18·9

SOURCE: U.N., Economic Commission for Europe, *Economic Survey of Europe in 1949* (Geneva, 1950), p. 33.